

CLAUSE I-90 – PATENT RIGHTS - SMALL BUSINESS FIRMS OR NONPROFIT ORGANIZATIONS (August 2002)

(a) Definitions.

- (1) "Invention" means any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the United States Code, or any novel variety of plant that is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.).
- (2) "Made" when used in relation to any invention, means the conception of first actual reduction to practice of such invention.
- (3) "Nonprofit organization" means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.
- (4) "Practical application" means to manufacture, in the case of a composition or product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
- (5) "Small business firm" means a small business concern as defined at section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small business concerns involved in SURA or the Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.
- (6) "Subject invention" means any invention of the Subcontractor conceived or first actually reduced to practice in the performance of work under this subcontract, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d)) must also occur during the period of subcontract performance.
- (7) "Agency licensing regulations" and "agency regulations concerning the licensing of Government-owned inventions" mean the Department of Energy patent licensing regulation at 10 CFR Part 781.
- (8) "Exceptional Circumstances Subject Invention" means any subject invention in a technical field or task determined by DOE to be subject to exceptional circumstances under 35 U.S.C. 202 (a)(ii).

(b) Allocation of principal rights

- (1) The Subcontractor may retain the entire right, title, and interest throughout the world to each subject invention except an exceptional circumstance subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the Subcontractor retains title, SURA or the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world. The right of the Subcontractor to elect title to subject inventions is further subject to the invention rights disposition in Treaties or International Agreements and existing or future class waivers to third parties by DOE such as Work-for-Others, User Facility, and Cooperative Research and Development Agreements (CRADA) waivers.
- (2) SURA or the Government reserves the right to unilaterally identify specific treaties or international agreements entered into or to be entered into by SURA or the Government after the effective date of this subcontract and effectuate those license or other rights that are necessary for SURA or the Government to meet its obligations to foreign governments, their nationals, and international organizations under such treaties or international agreements with respect to subject inventions made after the date of such unilateral identification.
- (3) The Subcontractor agrees to assign to SURA or the Government the entire right, title and interest thereto, through the world in and to any Exceptional Circumstance Subject Invention except to the extent that rights are retained by the Subcontractor or an employee-inventor may submit a request for greater rights at the time the invention is disclosed to SURA or the Government or within 8 months after conception or first actual reduction to practice, whichever occurs first. At this time, the technical fields determined SURA or the Government to be exceptional circumstances are uranium enrichment technology, the storage and disposal of civilian high-level nuclear waste and spent fuel technology, and those national security technologies which are classified, or sensitive under Section 148 of the Atomic Energy Act (42 U.S.C. 2168), DOE has also made a determination of Exceptional Circumstances for DOE Funding Agreements Relating to the U.S. Department of Energy Steel Initiative and Metals Initiative, the Advanced Battery Consortium Program, and any funding agreements, or subcontracts thereunder, which are funded in part by the Electric Power Research Institute (EPRI) or the Gas Research Institute (GRI). SURA or the Government reserve the right to unilaterally amend this subcontract to identify any

new technical fields that may be determined to be exceptional circumstances pursuant to 35 U.S.C. 202 (a)(ii) with respect to subject inventions made after the date of the amendment.

- (c) Invention disclosure, election of title, and filing of patent application by subcontractor
 - (1) The Subcontractor will disclose each subject invention to SURA or the Department of Energy (DOE) within 2 months after the inventor discloses it in writing to Subcontractor personnel responsible for patent matters. The disclosure to SURA or DOE shall be in the form of a written report and shall identify the subcontract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the DOE, the Subcontractor will promptly notify that agency of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Subcontractor.
 - (2) The Subcontractor will elect in writing whether or not to retain title to any such invention by notifying SURA or DOE within two (2) years of disclosure to DOE. However, in any case where publication, on sale or public use has initiated the 1-year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by SURA or DOE to a date that is no more than 60 days prior to the end of the statutory period.
 - (3) The Subcontractor will file its initial patent application on a subject invention to which it elects to retain title within one (1) year after election of title, or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Subcontractor will file patent applications in additional countries or international patent offices within either 10 months of the corresponding initial patent application or 6 months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.
 - (4) Requests for extensions of the time for disclosure, election, and filing under subparagraphs (c)(1), (2), and (3) of this clause may, at the discretion of the agency, be granted.
- (d) Conditions when SURA or the Government may obtain title. The Subcontractor will convey to SURA or the Government, upon written request, title to any subject invention –
 - (1) If the Subcontractor fails to disclose or elect title to the subject invention within the times specified in paragraph (c) of this clause; provided, however, that if the Subcontractor has filed a patent application in a country after the times specified in paragraph (c) of this clause, but prior to its receipt of the written request of SURA or the Government, the Subcontractor shall continue to retain title in that country.
 - (2) In those countries in which the Subcontractor fails to file patent applications within the times specified in paragraph (c) of this clause; provided, however, that if the Subcontractor has filed a patent application in a country after the times specified in paragraph (c) of this clause, but prior to its receipt of the written request of SURA or the Government, the Subcontractor shall continue to retain title in that country.
 - (3) In any country in which the Subcontractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention.
- (e) (1) The Subcontractor may request the right to reserve a revocable, nonexclusive, royalty-free license throughout the world in each subject invention to which SURA or the Government obtains title, except if the Subcontractor fails to disclose the invention within the times specified in paragraph (c) of this clause. When DOE approves such reservation, the Subcontractor's license will extend to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Subcontractor is a party and includes the right to grant sublicenses of the same scope to the extent the Subcontractor was legally obligated to do so at the time the subcontract was awarded. The license is transferable only with the approval of DOE, except when transferred to the successor of that part of the Subcontractor's business to which the invention pertains.
- (f) Subcontractor action to protect SURA or the Government's interest.
 - (1) The Subcontractor agrees to execute or to have executed and promptly delivery to SURA or DOE all instruments necessary to (i) establish or confirm the rights SURA or the Government has throughout the world in those subject inventions to which the Subcontractor elects to retain title, and (ii) convey title to SURA or DOE when requested under paragraph (d)(of this clause and to enable SURA or the government to obtain patent protection throughout the world in that subject invention.

- (2) The Subcontractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Subcontractor each subject invention made under a subcontract in order that the Subcontractor can comply with the disclosure provisions of paragraph (c) of this clause, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by subparagraph (c)(1) of this clause. The Subcontractor shall instruct such employees, through employee agreements or other suitable educational programs, on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.
- (3) The Subcontractor will notify SURA or DOE of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent issuing thereon covering a subject invention, the following statement,

"This invention was made with SURA or the Government support under Subcontract No. _____ awarded by the Southeastern Universities Research Association, Inc. under DOE contract no. DE-AC05-84ER-40150." SURA or the Government has certain rights in the invention.

(g) Subcontracts.

- (1) The Subcontractor will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental, or research work to be performed by a small business firm or domestic nonprofit organization. The Subcontractor will retain all rights provided for the Subcontractor in this clause, and the Subcontractor will not, as part of the consideration for awarding the subcontract, obtain rights in the Subcontractor's subject inventions.
 - (2) The Subcontractor shall include in all other subcontracts, regardless of tier, for experimental, developmental, demonstration, or research work the patent rights clause at 952.227-13.
 - (3) In the case of subcontracts, at any tier, SURA or DOE, subcontractor, and lower-tier subcontractors agree that the mutual obligations of the parties created by this clause constitute a subcontract between the Subcontractor and SURA or DOE with respect to the matters covered by the clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes Act in connection with proceedings under paragraph (j) of this clause.
- (h) Reporting on utilization of subject inventions. The Subcontractor agrees to submit, on request, periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Subcontractor or its licensees, or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received, by the Subcontractor, and such other data and information as SURA or DOE may reasonably specify. The Subcontractor also agrees to provide additional reports as may be requested by SURA or DOE in connection with any march-in proceeding undertaken by that agency in accordance with paragraph (j) of this clause. As required by 35 U.S.C 202(c)(5), DOE agrees it will not disclose such information to persons outside the Government without permission of the Subcontractor.
- (i) Preference for United States Industry. Notwithstanding any other provision of this clause, the Subcontractor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any product embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by SURA or DOE upon a showing by the Subcontractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.
- (j) March-in rights. The Subcontractor agrees that, with respect to any subject invention in which it has acquired title, SURA or the DOE has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of the agency to require the Subcontractor, an assignee or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and, if the Subcontractor, assignee, or exclusive licensee refuses such a request, SURA or DOE has the right to grant such a license itself if SURA or DOE determine that –
- (1) Such action is necessary because the Subcontractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;
 - (2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Subcontractor, assignee, or their licensees;

- (3) Such action is necessary to meet the requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Subcontractor, assignee, or licensees; or
 - (4) Such action is necessary because the agreement required by paragraph (i) of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.
- (k) Special provisions for subcontracts with nonprofit organizations. If the Subcontractor is a nonprofit organization is agrees that –
- (1) Rights to a subject invention in the United States may not be assigned without the approval of the Federal agency, except where such assignment is made to an organization which has as one of its primary functions the management of inventions; provided, that such assignee will be subject to the same provisions as the Subcontractor;
 - (2) The Subcontractor will share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when DOE deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;
 - (3) The balance of any royalties or income earned by the Subcontractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions will be utilized for the support of scientific research or education; and
 - (4) It will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms, and that it will give a preference to a small business firm when licensing a subject invention if the Subcontractor determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided that the Subcontractor is also satisfied that the small business firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Subcontractor. However, the Subcontractor agrees that the Secretary of Commerce may review the Subcontractor's licensing program and decisions regarding small business applicants, and the Subcontractor will negotiate changes to its licensing policies, procedures, or practices with the Secretary of Commerce when that Secretary's review discloses that the Subcontractor could take reasonable steps to more effectively implement the requirements of this subparagraph (k)(4).
- (l) Communications.
- (1) The Subcontractor shall direct any notification, disclosure, or request to SURA or DOE provided for in this clause to Patent Counsel assisting SURA or DOE subcontracting activity, with a copy of the communication to the Subcontracting Officer.
 - (2) Each exercise of discretion or decision provided for in this clause, except subparagraph (k)(4), is reserved for the Patent Counsel and is not a claim or dispute and is not subject to the Contract Disputes Act of 1978.
 - (3) Upon request of the Patent Counsel or the Subcontracting Officer, the Subcontractor shall provide any or all of the following:
 - (i) a copy of the patent application, filing date, serial number and title, patent number, and issue date for any subject invention in any country in which the Subcontractor has applied for a patent;
 - (ii) a report, not more often than annually, summarizing all subject inventions which were disclosed to DOE individually during the reporting period specified; or
 - (iii) a report, prior to closeout of the subcontract, listing all subject inventions or stating that there were none.
- (m) Transfer to successor subcontractor.
- (1) In the event of termination or expiration of this subcontract, the Subcontractor shall transfer any unexpended balance of income received relating to intellectual property, in accordance with instructions from the Subcontracting Officer, to a successor subcontractor, or in the absence of a successor subcontractor, to such other entity as designated by the Subcontracting Officer. The Subcontractor shall also transfer title, as one package, in all patents and patent applications, license agreements, accounts containing royalty revenues from such license agreements, including equity positions in third-party entities, and other intellectual property that arose under performance of this subcontract, to the successor subcontractor or to SURA or the Government, as directed by the Subcontracting Officer.
 - (2) SURA or the Government agrees that the recipient of such title shall assume any remaining obligations and liabilities in connection with the patents and patent applications.

- (n) Facilities license. In addition to the rights of the parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this subcontract, the Subcontractor agrees to and does hereby grant to SURA or the Government an irrevocable, nonexclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or actually reduced to practice or acquired by the Subcontractor at any time through completion of this subcontract and which are incorporated or embodied in the construction of the facility or which are utilized in the operation of the facility or which cover articles, materials, or produced manufactured at the facility.
- (1) to practice or have practiced by or for SURA or the Government at the facility, and
 - (2) to transfer such license with the transfer of that facility. The acceptance or exercise by SURA or the Government of these rights shall not prevent the Government at any time from contesting the enforceability, validity or scope of, or title to, any rights or patents herein licensed.